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STATISTICAL BULLETIN

Highlights

- LABOR MARKET SIGNALS A REBOUND.
- CONSUMER SPENDING AND SPENDING POWER MAKE A COME BACK.
- CAR AND HOME SALES RISE.
- NEW ORDERS ARE STILL LETHARGIC.
- INDUSTRIAL OUTPUT GROWTH IS SLUGGISH, AND CAPACITY UTILIZATION RATES HAVE DECLINED.
- ON THE INFLATION WATCH: FINANCIAL MARKET JITTERS ABOUT A NEW OUTBREAK OF INFLATION ARE MINIMAL RIGHT NOW
- OUTLOOK • NO RECESSION. U.S. ECONOMIC GROWTH WILL REMAIN MODERATE IN THE SECOND HALF OF 1989, BUT GROWTH WILL SLOW IN THE FIRST HALF OF 1990.

Volume 22, No. 9, September, 1989

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The Conference Board

THE CONFERENCE BOARD'S STATISTICAL BULLETIN COMMENTARY

OVERVIEW: Forecasters had more to think about in late August than vacation schedules. Yes the pace of activity is slowing, as the revised forecasts show, but scenarios of soft landings and recession were scrapped. The consensus of the **Economic Forecasts** now has the U.S. economy zipping along at a seasonally adjusted, 1.7% growth rate, annualized, in the third quarter, slowing in the fourth quarter, and cooling off to about 1 1/2% to 2% in the first half of 1990. Why, despite forecasters' apprehensions, is the economy still expanding.

Previous forecasts of sluggish growth assumed that the consumer market would finally weaken, especially with interest rates rising. Revised data now show that consumer spending was stronger than earlier estimated, but this only partially explains continued expansion. It is evident that consumer demand for durable goods (furniture, appliances, cars, and homes), after six and a half years of expansion, remains fairly strong. Add in the strength of business investment and steady export demand and the economy continues on its expansion path into 1990.

DOMESTIC MARKET MONITOR

Overall, the expectation remains one of gradual cooling in the labor market. Employment in durable manufacturing fell slightly in August, but both nondurable manufacturing and construction were hiring. Service-job growth remains strong. The total hours worked data reflect these patterns. The average hourly pay rate, after a sharp 0.7% rise in July, was unchanged in August. More hourly pay and more hours worked provide the income to keep consumer spending on the upswing, reinforcing optimistic consumer sentiment as well.

The Conference Board's **Help-wanted Index**, a measure of labor demand, fell in June and July, and early returns to the August survey indicate that it continued to soften. Upward revisions in the Economic Forecasts now suggest that the unemployment rate will rise very slowly from its current 5.2% level to about 5 1/2% by the second quarter of 1990. While it may stay at that level for a considerable time, the good news is that it is not expected to go any higher.

INCOME: Growth prospects may seem brighter now because consumer income, which had slowed from March through May, has picked up again. Wages in commodity-producing industry were 1% higher in July than three months earlier. Wages in the "other industry" category were 2% higher. Gains in employment and hours worked in August suggest that wage growth remains fairly strong. Such growth will probably continue, unless unexpected negative developments spring up.

Nonwage income growth may remain considerably slower than wage income over the next few months. Rental income has been declining, albeit slowly, all year. Shopkeepers' income has been declining since spring. If consumer spending picks up a little, shopkeepers' earnings could recover. Recent gains in interest income are attributable to hikes in interest rates, and these rates may not change much over the next few months.

Consumer attitudes remain positive overall, with some decline in confidence. The Conference Board's **Consumer Confidence Index** stood at 114.7 (1985 = 100) in August, compared to 116.7 in May. The **Expectations Component**, which measures appraisal of job and pay prospects over the next six months, was at 103.5 in August, compared to 103 in May. Still, these numbers remain quite high relative to readings taken at stages of earlier expansion periods. In all, consumer willingness to spend, as evidenced by these numbers, together with the rise in spending power, could fuel continued growth in consumer spending.

SPENDING: There are no signs that consumer spending is running out of steam. Retail sales of durables, except cars, were 1.8% higher in July than three months earlier. Sales of furniture and appliances were 1.4% higher. There has been much speculation that consumers, fairly well stocked after six and a half years of buying durable goods, would begin to slow the pace of such buying. The data show, however, that a fairly strong pace prevailed this summer. Nevertheless, some gradual softening in consumer demand is still a key assumption in forecasts of slower GNP over the next four quarters.

Car buying picked up in July and August, as producers offered promotional incentives. New domestic **Automobile Sales** reached a seasonally adjusted 7.6 million annual rate in each of these months, up from 6.9 million in June and 7.4 million in May. Still, car makers seem concerned about a softening in car buying once the promotions end. Indeed, employment in car production fell in August.

CONSTRUCTION: Home buying also revived in July. In fact, sales of new single-family homes were higher in July 1989 than any time in the last 24 months. Consumer confidence has been steadfastly optimistic and mortgage rates were lower. Construction employment and hours worked rose in August. These factors suggest that home sales are unlikely to resume a downward trend soon.

PRODUCTION: The rise in output slowed when consumer spending on durable goods softened a few months back. Total industrial production was no higher in July than three months earlier. Specifically, output of consumer dura-

Ken Goldstein, Editor

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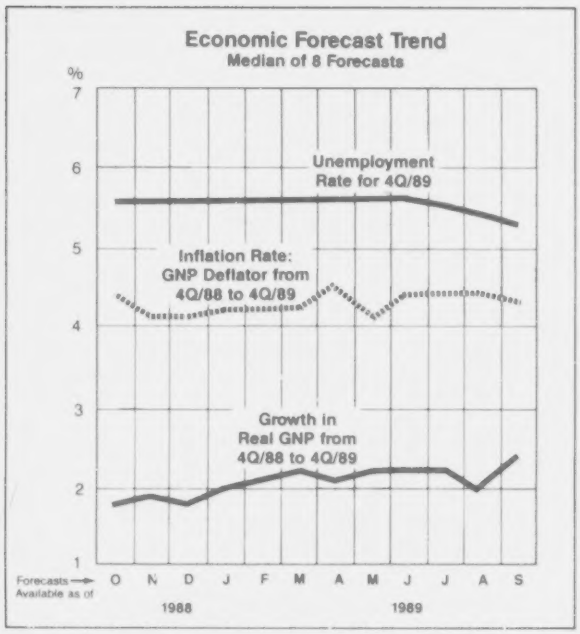


ble goods was 3.8% lower while business equipment was 0.9% higher. Now that consumer spending on durable goods is picking up, some growth in durable-goods production is likely to resume, setting overall industrial output back on an expansion path.

The combination of no growth in industrial output and continued strong business investment in plant and equipment has helped lower the capacity utilization rate. While total industrial output was no higher in July than three months earlier, the capacity utilization rate dropped to 83.6% in July, from 84.2% in April. This may explain why renewed optimism about economic growth is not accompanied by renewed inflation concerns. The strain on capacity is not now hot enough to set off inflationary fires.

INVENTORY: Another concern for producers is the rise in inventory. Total inventory, except cars at the retail level, was 1.7% higher in June than three months earlier, even though there was no increase in production over the same time period. Industrial sales, however, were rising by 1.8%, so the Inventory-to-Sales ratio did not budge. If the selling pace were to slow suddenly, with inventory rising even when production was flat, the chance of a sudden unintended inventory buildup would heighten. No sudden drop off in sales is anticipated but producers are keeping a wary eye open for the unexpected.

INFLATION: Remarkably, forecasters raised their economic growth estimates, but not their inflation estimates. International price-competitiveness concerns, and some decrease in capacity utilization are among the supporting factors for that outlook. Furthermore, raw industrial material prices were either flat or declined in each of the last five months. That is true also for farm prices and wholesale prices for crude materials, except food and energy. The consensus of the **Economic Forecasts** is that the CPI is rising at about a 4% annual rate in the third quarter of 1989, and will stay in a range of 4% to 4 1/2% through the end of next year.

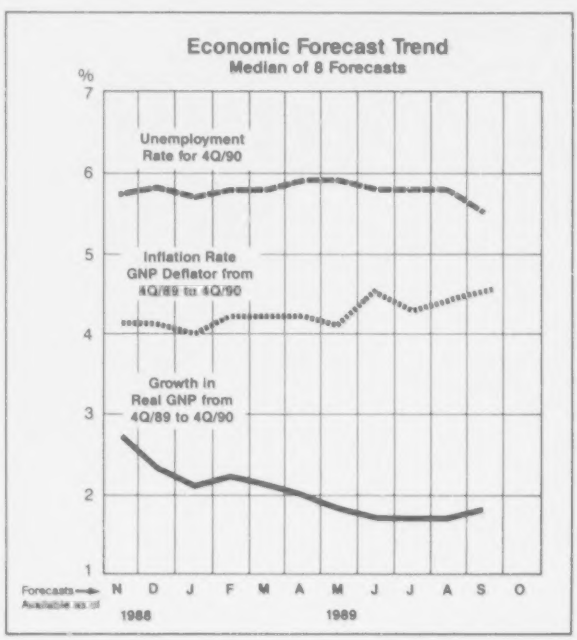
INTERNATIONAL MONITOR

The bad news is that recent slowing of import growth is traceable to some soft demand for consumer durables. Total imports of manufactured goods were only 0.4% higher in June than three months earlier. Imports of consumer goods, except cars, were 1.6% higher. Car imports were 13% lower, but car buying picked up in July and August. As consumer demand for other durable goods strengthens, import growth may quicken.

The drop in export growth may prove short-lived. Total exports of manufactured goods were 4.6% lower in June than three months earlier. With reasonably strong economic growth in some of the U.S.'s major trading partners (see the **Selected International Comparisons** chart), exports to those markets will rise. Indeed, exports of raw and semi-finished goods were 6.2% higher and capital goods, except cars, were 5.8% higher.

The decline in export growth is probably not associated with a rising dollar. The effective exchange rate of the dollar was no higher in August than it was in May. No news on the dollar, and little change in interest rates, resulted in very little change in the **Domestic-International Discomfort Index** (DIDI) from June through August. The dollar did rise a little in August, but interest rates have not. They are unlikely to change, given dampened inflation concerns and less worry about a stalling domestic economy.

Ken Goldstein
September 13, 1989

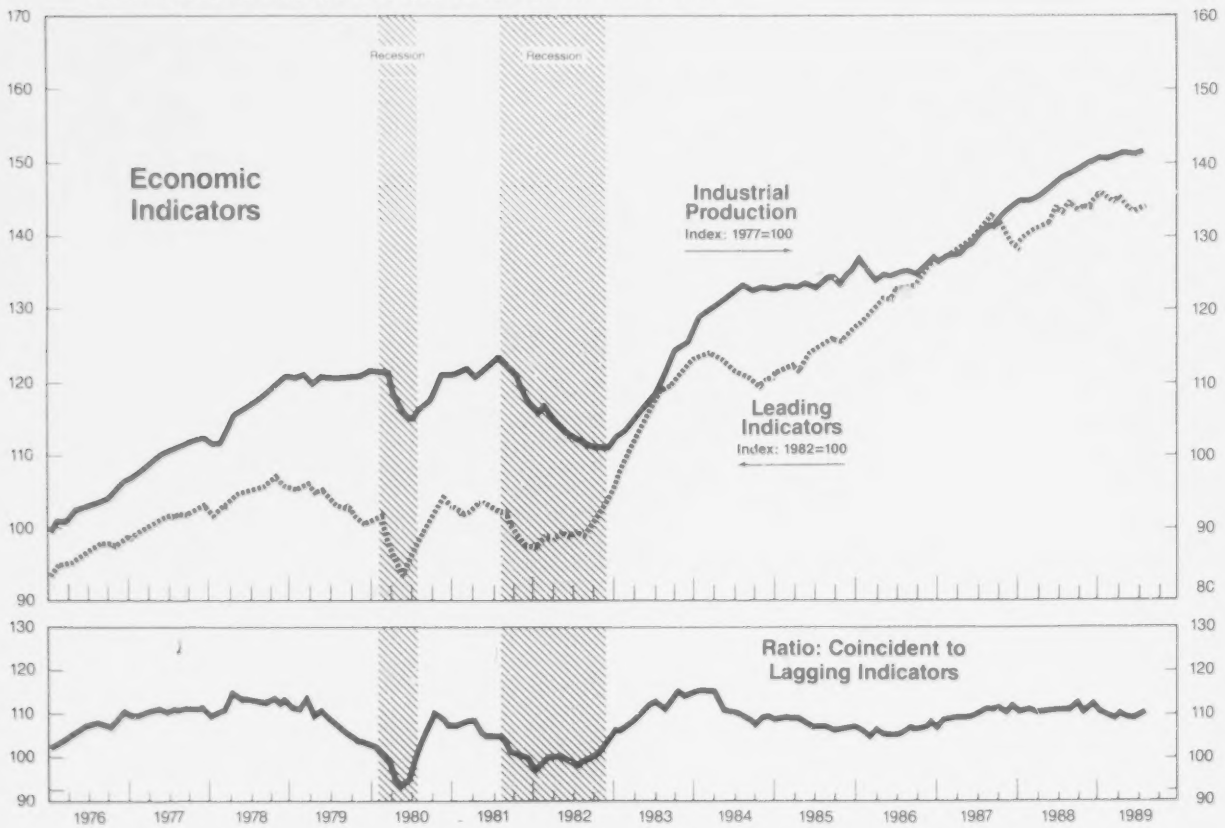


STATUS OF LEADING ECONOMIC INDICATORS

		Rising	Level	Declining	Change over Latest Three Months	Change from Year-Ago
		(Classification based on movement of series over several months)				
Leading Economic Indicators	July		X		- 1.1%	0.9%
Capital Investment Commitments						
*Contracts and orders, plant & equipment (deflated)	July		X		0.3%	6.6%
New orders, nondefense capital goods (deflated)	June			X	- 3.0%	2.2%
New business formation	June			X	- 1.1%	2.3%
*Housing permits	July			X	- 3.9%	-10.0%
Inventory Investment and Purchasing						
*New orders, consumer goods & materials (deflated)	July			X	- 6.7%	- 1.6%
*Change in unfilled orders, mfg.	July			X	-14.0%	19.5%
Purchasing manager's buying policy	Aug.			X	- 8.2%	- 8.2%
*Vendor performance, reported slower deliveries	July			X	-11.8%	-20.5%
Industrial raw materials prices	July			X	- 2.5%	5.7%
*Change in sensitive material prices	July			X	-126.8%	-133.8%
Sensitive Financial Flows						
*Money balance (M2 deflated)	July		X		0.3%	- 1.8%
Change in business loans	June	X			55.8%	119.7%
*Consumer expectations	Aug.		X		0.2%	- 9.6%
Change in consumer installment debt	June			X	-20.7%	-44.8%
Profitability						
Total corporate profits, after tax (deflated)	1st Q			X	- 2.3%	12.0%
*Common stock prices	July	X			9.8%	23.4%
Marginal Employment Adjustments						
*Average workweek, mfg.	July		X		- 0.3hr	- 0.1hr
*Initial unemployment claims (inverted)	July			X	-13.0%	- 5.3%

Note: For a description of the Leading Indicators Composite Index see Bureau of Economic Analysis, *Handbook of Cyclical Indicators*, (Washington, D.C.: Government Printing Office) May, 1977.

*These twelve series make up the Composite Leading Index charted below.



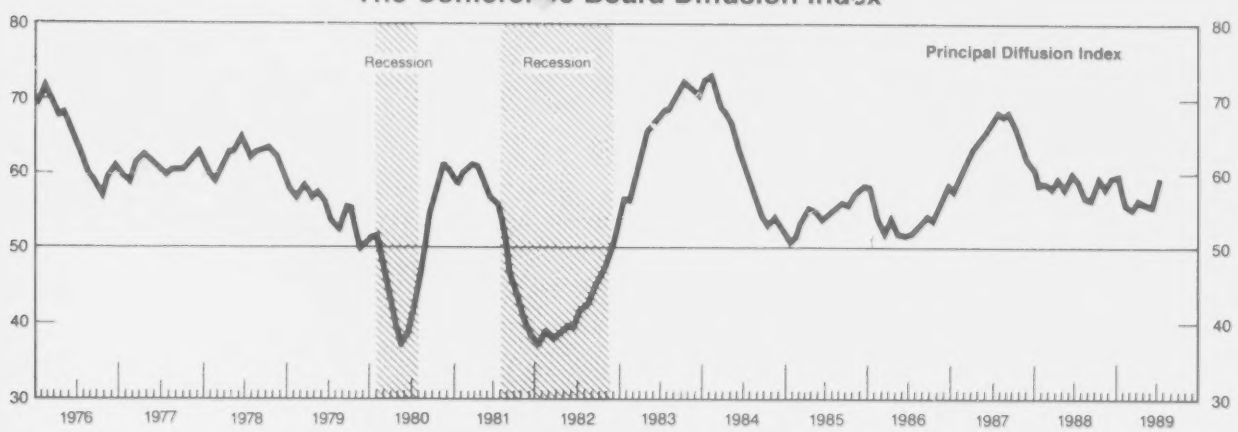
CONFERENCE BOARD DIFFUSION INDEXES

DIFFUSION INDEXES	1988 Jul.	1989 Apr.	1989 May	1989 June	1989 Jul.(e)
Principal Diffusion Index	58.7	56.1r	55.8r	55.2r	59.4
Auxillary Diffusion Index	44.8	54.1r	49.3r	47.8r	63.9
Industrial Group	57.1	56.1r	54.0r	52.5r	55.8
Nonindustrial Group	60.3	56.0	57.7r	57.8r	63.1
Sense of Diffusion	1	1	1	1	1
SUBGROUP DIFFUSION INDEXES					
Industrial Subgroups					
Production	62.8	68.8	64.1	69.7	74.4
Labor	53.2	48.1r	46.9r	40.9r	44.9
Miscellaneous	58.3	57.1	56.4	55.8	55.1
Nonindustrial Subgroups					
Prices	50.6	59.6	59.0	58.3	58.3
Consumer	61.5	57.7	63.7r	59.0r	65.4
Building	66.7	47.4	46.8	53.8	60.9
Miscellaneous	61.1	57.7	58.1r	59.0r	65.4

Note: The principal diffusion index reflects the frequency of rises in 20 component series over the 12-month period ending in the month indicated. The index is based on the direction of change, not the magnitude of change, from month to month. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than are earlier changes. If, for example, 10 component series rose and 10 declined in each of the last 12 months, the current index would be higher than 50 because the data over the latest six-month period are weighted more heavily than data from the earlier six-month period. On the other hand, if all 20 series rose in each of the last six months, after declining in each of the prior six months, weighting would make the current index considerably greater than 50. See Morton Ehrlich, "Using The Conference Board's Diffusion Indexes," The Conference Board *RECORD*, July, 1966.

e-estimate r-revised

The Conference Board Diffusion Index



BUSINESS EXECUTIVES' EXPECTATIONS

	1986 Aug.	1986 Nov.	1987 Feb.	1987 May	1987 Aug.	1987 Nov.	1988 Feb.	1988 May	1988 Aug.	1988 Nov.	1989 Feb.	1989 May
	Score (scale 0-100)											
Measure of Business Confidence	50	51	55	55	59	47	51	58	56	51	48	48
1. Appraisal of Current Economic Conditions Compared With Six Months Ago	44	50	56	55	62	50	49	64	65	54	52	48
2. Expectations for Economy, Six Months Ahead	52	51	54	53	56	43	50	54	51	48	43	47
3. Expectations for Own Industry, Six Months Ahead	54	53	56	56	58	48	54	55	53	51	48	50

The Measure of Business Confidence is the average of the scores for the three primary questions in the survey. Respondents have five reply options for each question; a score for each question is determined by assigning the following values to the replies and calculating the average value of the replies to the question: Substantially Better—100; Moderately Better—75; Same—50; Moderately Worse—25; Substantially Worse—0. The score for each question,and the overall Measure of Business Confidence, thus can range from 0 to 100.

ECONOMIC FORECASTS

			U.C.L.A.[1] Business Forecasting Project		Merrill Lynch[1] Capital Markets		E.I. duPont[1] de Nemours & Co.		Georgia State University[1]	
Date of Forecast			*Aug., 1989*		*Aug., 1989*		*Aug., 1989*		*Aug., 1989*	
			Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*
Gross National Product Billions of Current Dollars										
Actual	**1989**	**II**	**$5203.8**	**7.3%**	**$5203.8**	**7.3%**	**$5203.8**	**7.3%**	**$5203.8**	**7.3%**
Forecast	1989	III	5257.2	4.2	5282.1	6.2	5280.4	6.0	5275.3	5.8
		IV	5318.4	4.7	5308.1	5.9	5351.0	5.5	5367.8	7.2
	1990	I	5399.3	6.2	5449.3	7.0	5415.3	4.9	5428.9	4.6
		II	5501.4	7.8	5544.1	7.1	5479.7	4.8	5511.2	6.2
		III	5615.8	8.6	5642.0	7.3	5556.4	5.7	5583.9	5.4
		IV	5718.9	7.5	5738.4	7.0	5633.5	5.7	5697.6	8.4
	1991	I	5843.1	9.0			5733.0	7.3	5795.5	7.1
		II	5962.6	8.4			5838.9	7.6	5872.0	5.4
		III	6074.9	7.7			5951.2	7.9		
	1989	Annual	5223.1	7.0	5239.3	7.3	5237.1	7.3	5240.0	7.4
	1990	Annual	5558.9	6.4	5593.5	6.8	5521.2	5.4	5555.4	6.0
Gross National Product Billions of Constant (1982) Dollars										
Actual	**1989**	**II**	**$4134.0**	**2.7%**	**$4134.0**	**2.7%**	**$4134.0**	**2.7%**	**$4134.0**	**2.7%**
Forecast	1989	III	4137.0	0.3	4152.0	1.8	4148.0	1.4	4150.5	1.6
		IV	4144.5	0.7	4167.8	1.5	4161.0	1.3	4177.3	2.6
	1990	I	4154.3	0.9	4188.6	2.0	4172.0	1.1	4182.5	0.5
		II	4188.3	3.3	4213.3	2.4	4183.0	1.1	4203.8	2.1
		III	4230.5	4.1	4239.3	2.5	4203.0	1.9	4214.3	1.0
		IV	4262.7	3.1	4264.1	2.4	4223.0	1.9	4245.6	3.0
	1991	I	4304.1	3.9			4253.0	2.9	4267.7	2.1
		II	4343.4	3.7			4287.0	3.2	4279.9	1.1
		III	4375.6	3.0			4325.0	3.6		
	1989	Annual	4130.6	2.6	4140.2	2.9	4137.5	2.8	4142.2	2.9
	1990	Annual	4209.0	1.9	4226.3	2.1	4195.3	1.4	4211.6	1.7
Gross National Product deflator Index, 1982 = 100										
Actual	**1989**	**II**	**125.9**	**4.5%**	**125.9**	**4.5%**	**125.9**	**4.5**	**125.9**	**4.5%**
Forecast	1989	III	127.1	3.9	127.2	4.3	127.3	4.6%	127.1	3.9
		IV	128.3	4.0	128.6	4.3	128.6	4.1	128.5	4.5
	1990	I	130.0	5.2	130.1	4.9	129.8	3.8	129.8	4.1
		II	131.4	4.3	131.6	4.7	131.0	3.7	131.1	4.1
		III	132.7	4.3	133.1	4.6	132.2	3.7	132.5	4.3
		IV	134.2	4.3	134.6	4.5	133.4	3.7	134.2	5.2
	1991	I	135.8	4.8			134.8	4.3	135.8	4.9
		II	137.3	4.6			136.2	4.2	137.2	4.2
		III	138.8	4.6			137.6	4.2		
	1989	Annual	126.4	4.3	126.5	4.3	126.6	4.4	126.5	4.3
	1990	Annual	132.1	4.4	132.3	4.6	131.6	4.0	131.9	4.3
Unemployment Rate										
Actual	**1989**	**II**		**5.3%**		**5.3%**		**5.3%**		**5.3%**
Forecast	1989	III		5.0		5.2		5.3		5.2
		IV		5.2		5.3		5.4		5.1
	1990	I		5.3		5.3		5.6		5.1
		II		5.4		5.3		5.7		5.1
		III		5.4		5.3		5.8		5.2
		IV		5.3		5.3		5.8		5.1
	1991	I		5.2				5.7		5.1
		II		5.1				5.6		5.1
		III		5.0				5.5		
	1989	Annual		5.2		5.2		5.3		5.2
	1990	Annual		5.4		5.3		5.7		5.1

Notes: Percentage changes represent compound annual rates of change from perceding period. Quarterly data are seasonally adjusted.

[1]Based on revised second quarter data.

[2]Based on preliminary second quarter data.

ECONOMIC FORECASTS (continued)

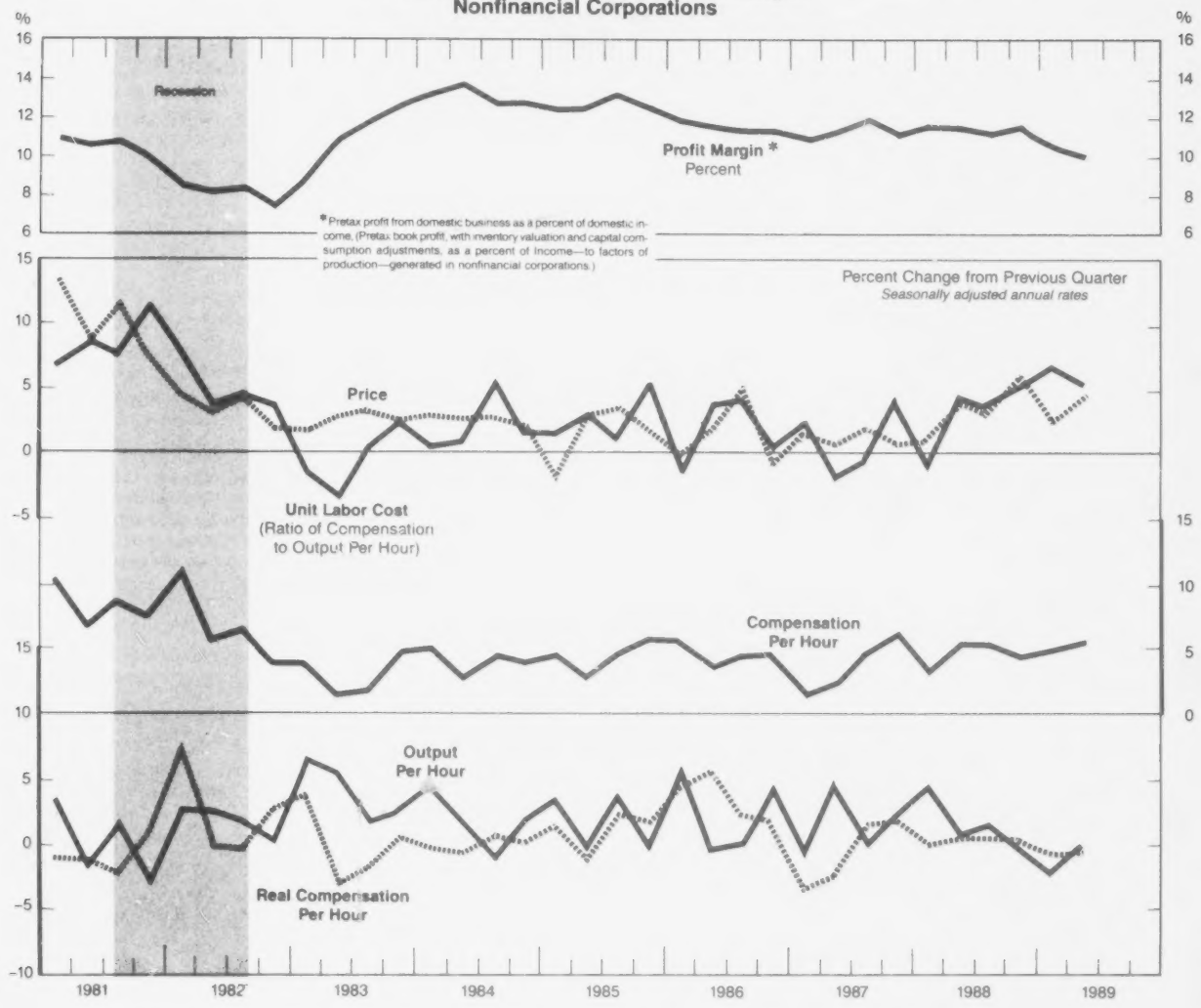
The Conference Board[2]		Laurence H. Meyer[1] Associates, Inc.[1]		Data Resources Inc.[1]		Wharton E.F.A. Inc.[1]				
Aug., 1989		*Aug., 1989*		*Aug., 1989*		*Aug., 1989*		*Date of Forecast*		
Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*			
								Gross National Product Billions of Current Dollars		
		$5203.8	**7.3%**	**$5203.8**	**7.3%**	**$5203.8**	**7.3%**	**II**	**1989**	**Actual**
$5279.0	6.6%	5271.7	5.3	5272.9	5.4	5295.3	7.2	III	1989	Forecast
5320.0	3.1	5344.1	5.6	5336.5	4.9	5378.7	6.5	IV		
5358.0	2.9	5423.2	6.1	5403.4	5.1	5463.1	6.4	I	1990	
5436.0	6.0	5498.5	5.7	5474.3	5.4	5558.3	7.2	II		
5547.0	8.4	5573.1	5.5	5546.8	5.4	5645.9	6.5	III		
5654.0	7.9	5646.4	5.4	5637.7	6.7	5738.5	6.7	IV		
		5744.5	7.1	5754.8	8.6	5843.7	7.5	I	1991	
		5837.8	6.7	5874.2	8.6	5945.6	7.2	II		
		5931.5	6.6	5988.5	8.0	6050.3	7.2	III		
5226.8	7.1	5233.2	7.2	[illegible]	7.2	5247.7	7.5	Annual	1989	
5498.8	5.2	5535.3	5.8	[illegible]	5.4	5601.5	6.7	Annual	1990	
								Gross National Product Billions of Constant (1982) Dollars		
		$4134.0	**2.7%**	**$4134.0**	**2.7%**	**$4134.0**	**2.7%**	**II**	**1989**	**Actual**
$4146.9	2.2%	4149.9	1.5	4155.3	2.1	[illegible]7.7	2.3	III	1989	Forecast
4136.9	-1.0	4166.1	1.6	4168.5	1.3	4173.7	1.5	IV		
4127.9	-0.9	4183.4	1.7	4180.7	1.2	4187.4	1.3	I	1990	
4146.5	1.8	4201.9	1.8	4194.0	1.3	4212.4	2.4	II		
4183.3	3.6	4219.4	1.7	4209.4	1.5	4237.5	2.4	III		
4216.3	3.2	4235.8	1.6	4239.7	2.9	4264.8	2.6	IV		
		4264.4	2.7	4281.8	4.0	4285.7	2.0	I	1991	
		4292.9	2.7	4325.1	4.1	4316.5	2.9	II		
		4321.2	2.7	4361.1	3.4	4343.9	2.6	III		
4128.6	2.6	4139.2	2.9	4141.2	2.9	4143.1	2.9	Annual	1989	
4168.5	1.0	4210.1	1.7	4206.0	1.6	4225.5	2.0	Annual	1990	
								Gross National Product deflator Index, 1982 = 100		
		125.9	**4.5%**	**125.9**	**4.5%**	**125.9**	**4.5%**	**II**	**1989**	**Actual**
128.0	6.6%	127.5	5.3	126.9	3.3	127.4	4.8	III	1989	Forecast
128.3	0.9	128.8	4.0	128.0	3.8	128.9	4.8	IV		
129.5	3.9	130.2	4.4	129.2	3.9	130.5	5.0	I	1990	
131.7	6.9	131.4	3.9	130.5	4.0	132.0	4.6	II		
133.8	6.5	132.6	3.7	131.8	3.9	133.2	4.0	III		
135.2	4.2	133.8	3.6	133.0	3.7	134.6	4.0	IV		
		135.6	5.5	134.4	4.4	136.4	5.5	I	1991	
		136.9	3.8	135.8	4.3	137.7	4.1	II		
		138.2	3.8	137.3	4.5	139.3	4.6	III		
126.7	4.5	126.7	4.4	126.3	4.2	126.7	4.4	Annual	1989	
132.5	4.6	132.0	4.2	131.1	3.8	132.6	4.7	Annual	1990	
								Unemployment Rate		
	5.3%		**5.3%**		**5.3%**		**5.3%**	**II**	**1989**	**Actual**
	5.3		5.2		5.2		5.2	III	1989	Forecast
	5.5		5.3		5.3		5.3	IV		
	5.8		5.4		5.4		5.5	I	1990	
	5.9		5.4		5.5		5.5	II		
	5.8		5.4		5.6		5.4	III		
	5.5		5.5		5.6		5.4	IV		
			5.5		5.6		5.4	I	1990	
			5.4		5.5		5.3	II		
			5.3		5.3		5.3	III		
	5.3		5.2		5.2		5.2	Annual	1989	
	5.8		5.4		5.5		5.5	Annual	1990	

CBDB

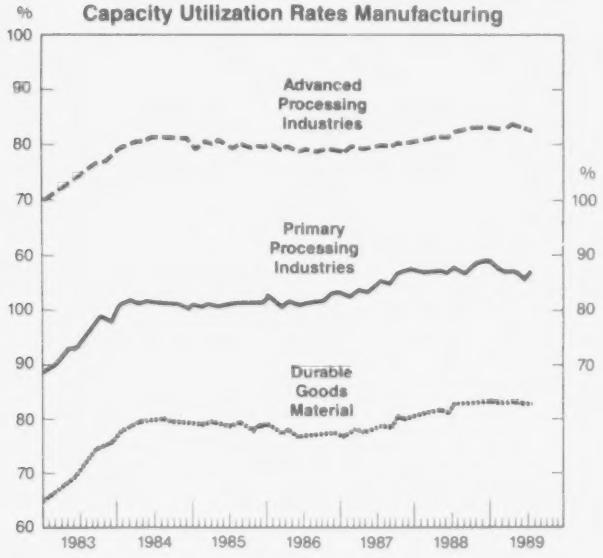
ATTENTION DATA USERS: All data in this publication are available ONLINE in our statistical database, CBDB. For more information, contact Linette Waters at (212) 759-0900.

Key Determinants of Profit Margin

Nonfinancial Corporations



Capacity Utilization Rates Manufacturing

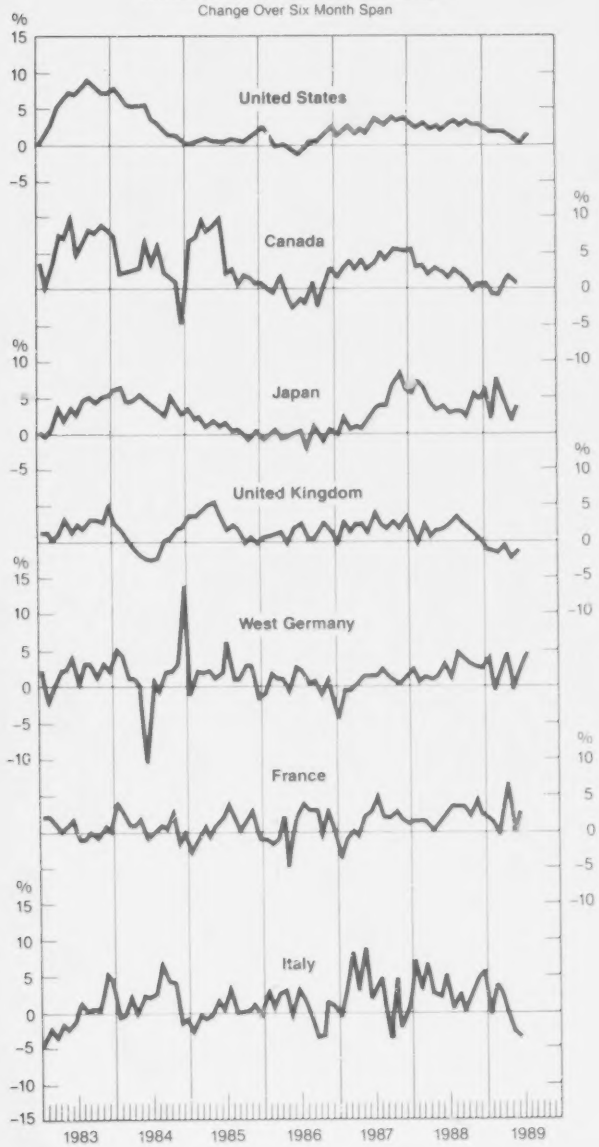


Inventory-Sales Ratios

Selected International Comparisons

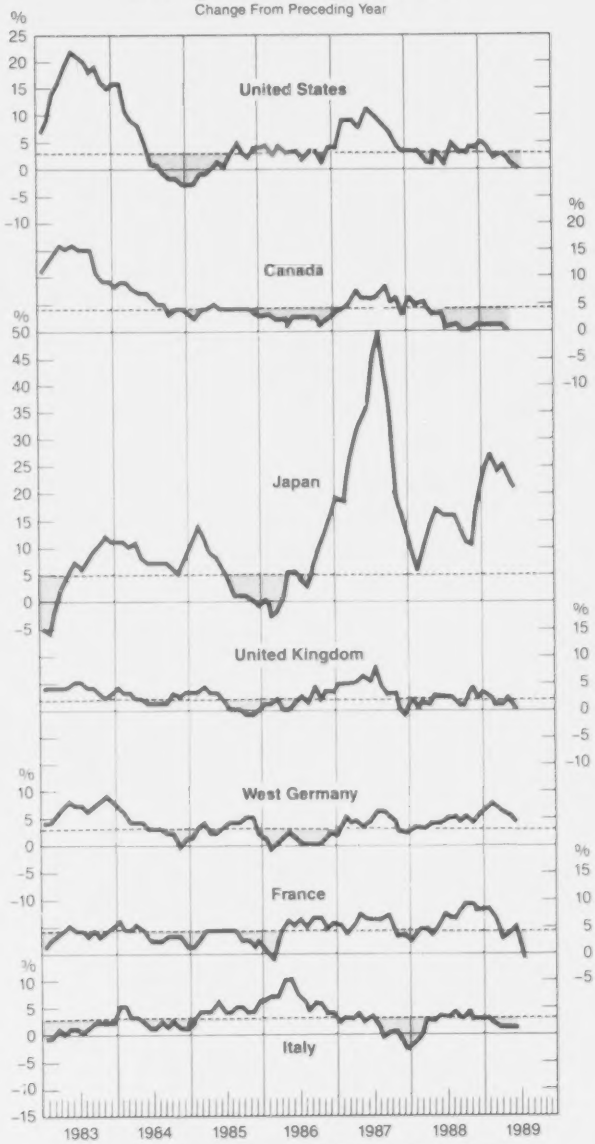
Industrial Production Indexes

Change Over Six Month Span

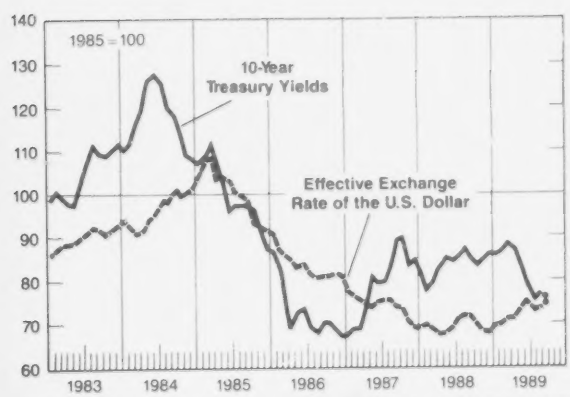


Leading Business Cycle Indexes

Change From Preceding Year

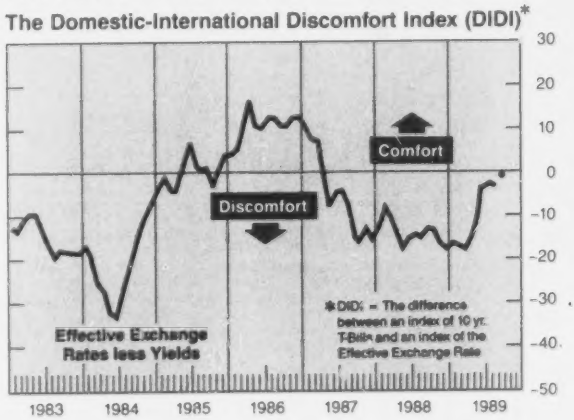


Source: Center for International Business Cycle Research, Columbia University



Sources: Morgan Guaranty Trust Company, Department of Treasury, *The Sommers Letter*

The Domestic-International Discomfort Index (DIDI)*



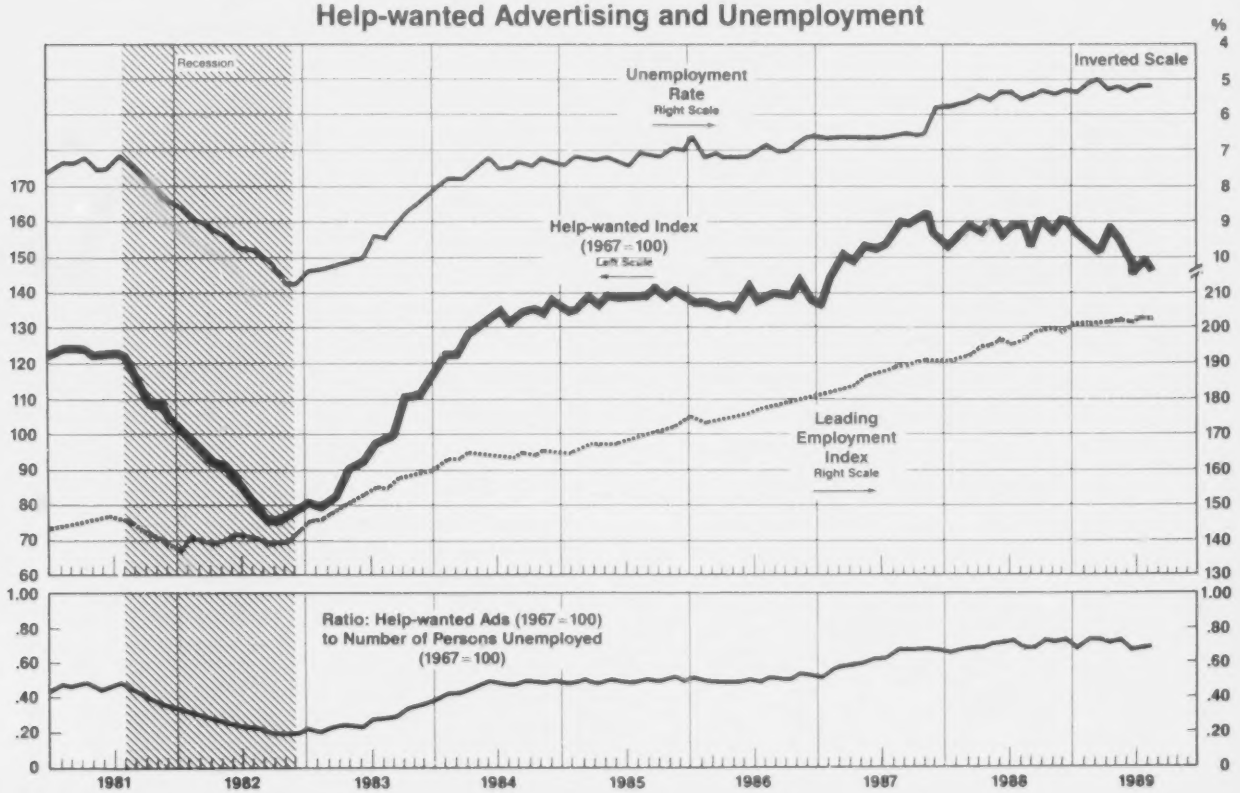
CONFERENCE BOARD HELP-WANTED ADVERTISING INDEX

Seasonally Adjusted Indexes, 1967 = 100

Locality	1989 July	1989 Jun	1989 May	1988 July
National Index	149	146r	152r	160
New England	109	108	113	148
Boston	107	104	110	145
Hartford	111	108	109	152
Providence	115	119	128	154
Middle Atlantic	76	76	80	87
Albany	156	157	180	188
Allentown	339	353	393	375
New York	49	52	51	59
Philadelphia	66	63	67	74
Pittsburgh	102	96	100	106
Rochester	97	94	101	115
Syracuse	151	144r	160	158
East North Central	103	102r	103	111
Chicago	105	104	105	119
Cincinnati	159	145	160	184
Cleveland	79	75	75	81
Columbus	178	160	N.A.	190
Dayton	90	85	90	93
Detroit	56	58r	55	62
Gary	226	225	226	208
Indianapolis	128	130	135	119
Milwaukee	72	97r	93	74
Toledo	131	124	136	152
West North Central	99	97	105	105
Kansas City	125	127	153	138
Minneapolis	90	86	84	98
Omaha	182	173	192	165
St. Louis	69	69	72	76
South Atlantic	182	164r	178r	223
Atlanta	230	174r	226	279
Baltimore	161	148r	150r	251
Charlotte	188	188	195	216
Jacksonville	216	217	219	232
Miami	149	148	N.A.	169
Richmond	148	152	141	155
Washington, D.C.	182	162r	164r	212
East South Central	173	178	186	189
Birmingham	179	186	201	197
Knoxville	318	314	301	332
Louisville	N.A.	99r	107r	103
Memphis	139	142	147	140
Nashville	224	226	244	253
West South Central	203	193	186	195
Dallas	146	154	147	160
Houston	323	299	279	292
New Orleans	144	130	128	140
Oklahoma City	127	118	125	126
San Antonio	148	140	150	149
Tulsa	174	170	168	162
Mountain	311	306	335	319
Denver	219	202	206	218
Phoenix	364	356r	432	399
Salt Lake City	417	439	450	400
Pacific	261	259	270	253
Los Angeles	166	166	173	170
Sacramento	515	548	532	487
San Bernardino	321	325r	351	309
San Diego	670	654	669	621
San Francisco	252	245	269	248
Seattle	294	283	288	262
Percentage of papers with rising volume	63	22r	22r	71
Unemployment rate	5.2	5.3	5.2	5.4

Note: For definitions and method, see Noreen Preston, *The Help-wanted Index* (New York: The Conference Board, 1977).
r—revised N.A.—not available.

Help-wanted Advertising and Unemployment



Source: Center for International Business Cycle Research, Columbia University

CONFERENCE BOARD INDEXES OF CONSUMER CONFIDENCE AND EXPECTATIONS

Indexes, 1985 = 100
(Seasonally Adjusted)

Consumer Confidence Index

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1985	102.0	103.1	96.1	104.4	99.6	102.6	103.2	100.9	96.0	96.1	98.1	98.2
1986	96.9	96.0	95.1	100.0	100.2	100.0	97.5	91.7	89.7	85.9	89.7	93.2
1987	85.4	91.8	95.8	97.4	103.0	102.1	105.8	110.7	115.7	115.1	100.8	107.7
1988	109.9	114.9	112.7	115.7	120.2	115.7	113.5	119.7	110.7	116.9	112.9	119.4
1989	115.8	120.7	117.4	116.6	116.7	117.2	120.4	115.4r	115.4p			

Expectations Index

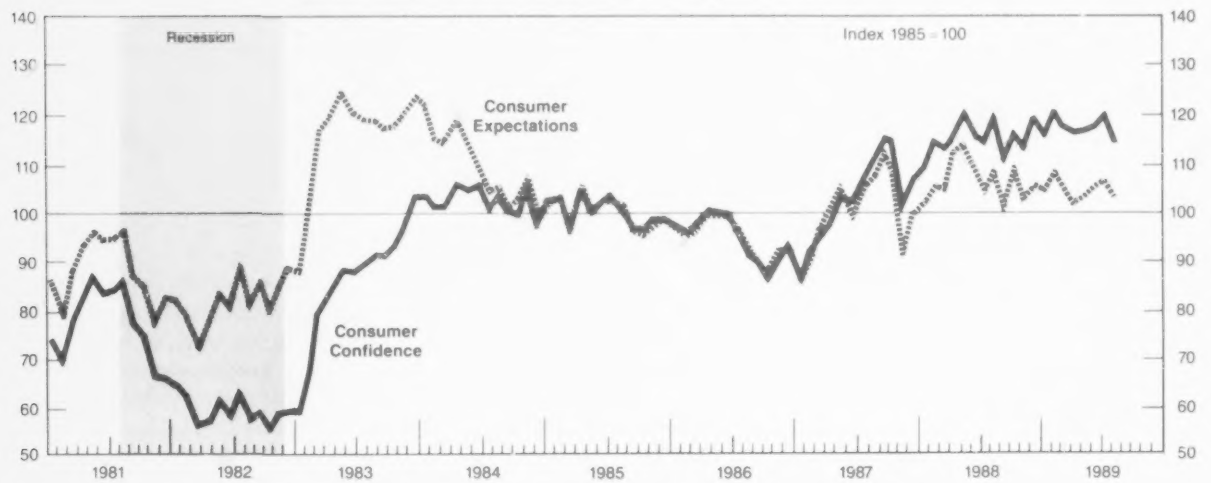
1985	102.5	103.9	95.9	105.1	99.6	102.7	102.5	102.1	96.3	94.5	96.8	98.2
1986	96.3	94.4	95.5	99.0	99.4	99.7	96.4	92.0	89.4	86.1	92.0	92.2
1987	85.6	91.8	96.8	100.5	105.6	98.2	105.6	107.5	112.5	108.9	90.9	99.6
1988	102.2	105.5	104.9	112.8	114.4	108.6	103.7	109.4	100.1	109.3	102.0	105.6
1989	104.1	108.3	104.9	101.8	103.0	105.1	106.6	103.7r	105.0p			

Confidence Index measures consumer optimism in appraising economic conditions. Expectations Index, (charted below), measures consumer attitudes with regard to business conditions and employment and income levels six months hence. Data prior to May, 1981 based on survey of families. Data after May, 1981 are based on survey of households. A description of these indexes appears in The Conference Board RECORD, September, 1973.

Surveys are conducted by National Family Opinion, Inc.

p—preliminary r-revised

Consumer Confidence and Expectations



CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS

Billions of Dollars, Seasonally Adjusted

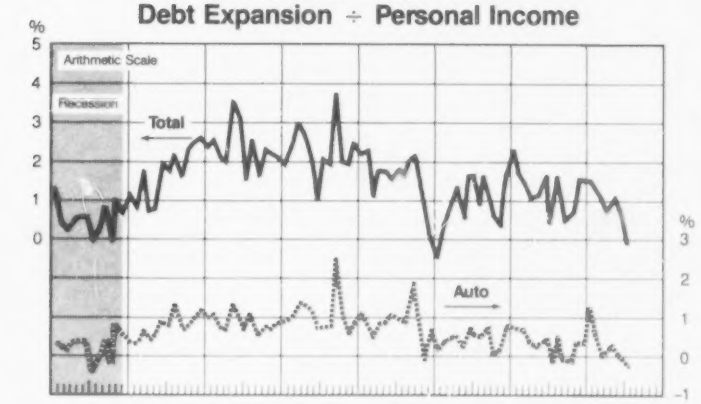
	1987			1988				Percent Change From Previous Year	
								Actual	Estimate
	III-87	IV-87	I-88	II-88	III-88	IV-88(r)	I-89(p)	1988	1989
1000 LARGEST MANUFACTURING FIRMS									
New appropriations	29.561	35.909	30.846	40.686	40.384	45.279	50.009	39%	16%
Capital expenditures	27.381	29.820	29.412	31.718	36.037	35.281	35.331	33	18
Change in appropriations backlog*	-0.080	3.510	0.650	8.760	-4.110	8.630	14.340		
Durable Goods									
New appropriations	17.208	20.245	14.310	20.261	20.791	23.547	18.129	27	14
Capital expenditures	13.970	16.037	15.780	16.910	19.526	16.657	17.032	31	28
Change in appropriations backlog*	2.930	3.810	-1.600	3.670	-1.080	6.240	1.340		
Nondurable Goods									
New appropriations	12.353	15.664	16.536	20.425	19.593	21.732	31.880	52	17
Capital expenditures	13.411	13.783	13.632	14.808	16.511	18.624	18.299	35	12
Change in appropriations backlog*	-3.010	-0.300	2.250	5.090	-3.030	2.390	13.010		

Available on request: Historical data from 1953, and quarterly reports containing text and data for 17 separate manufacturing industries.

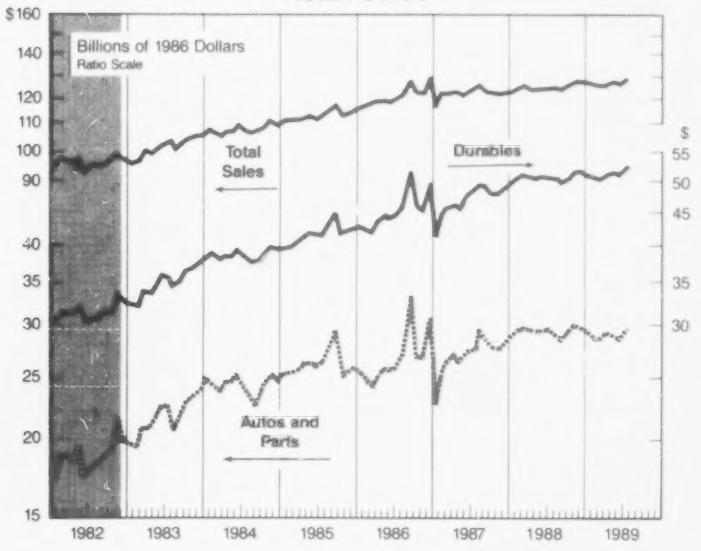
r—revised p—preliminary

* Change in Backlog = New Appropriations – (Expenditures + Cancellations and Other Adjustments).

Consumer Installment Debt Expansion ÷ Personal Income



Retail Sales



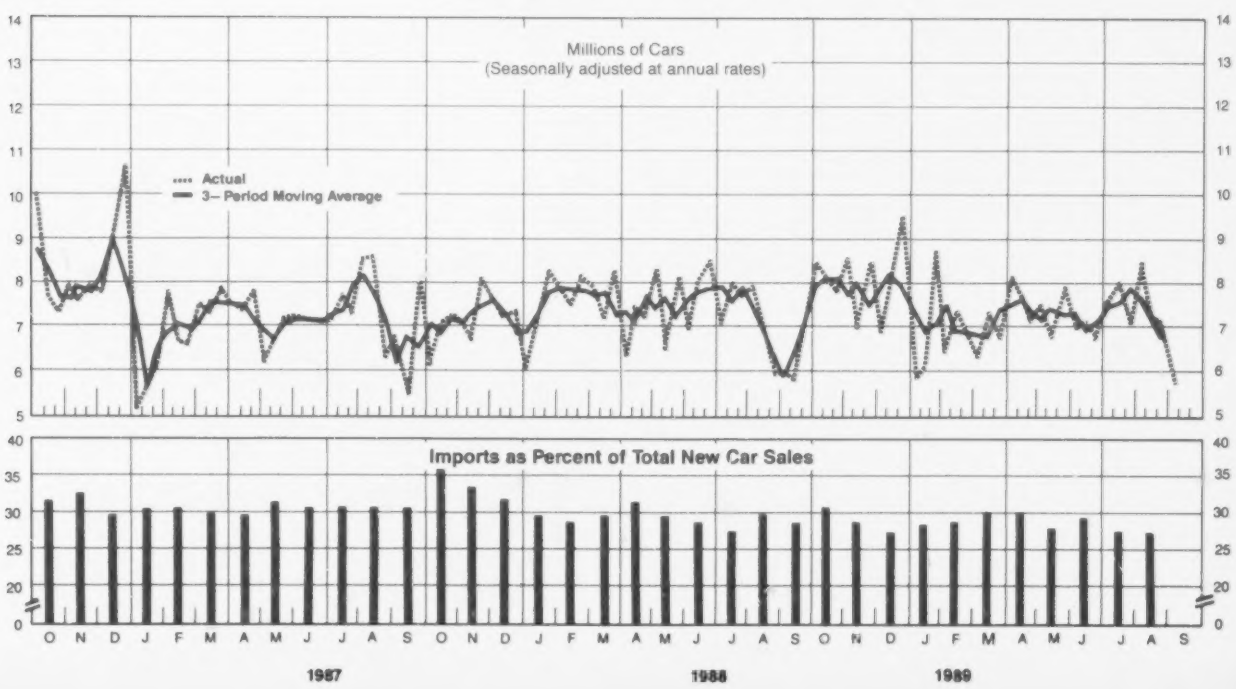
CONFERENCE BOARD ESTIMATES OF NEW AUTO SALES, BY 10-DAY PERIODS

Millions, Seasonally Adjusted at Annual Rate

Periods		1986	1987	1988	1989
January:	1-10	8.37	5.15	6.06	5.86
	11-20	8.74	5.52	7.29	6.06
	21-31	8.26	6.13	8.25	8.64
February:	1-10	7.88	7.78	7.83	6.40
	11-20	8.95	6.64	7.44	7.37
	21-28(29)	6.15	6.58	8.17	6.86
March:	1-10	7.69	7.53	7.81	6.32
	11-20	7.57	7.27	7.13	7.28
	21-31	6.52	7.81	8.28	6.74
April:	1-10	8.79	7.48	6.33	8.18
	11-20	7.06	7.34	7.43	7.66
	21-30	7.75	7.76	7.23	7.03
May:	1-10	8.62	6.16	8.36	7.49
	11-20	8.86	6.66	6.53	6.72
	21-31	7.33	7.19	8.12	7.99
June:	1-10	8.48	7.21	6.88	6.93
	11-20	8.04	7.13	8.00	7.09
	21-30	8.39	7.09	8.48	6.74
July:	1-10	8.10	7.10	7.02	7.56
	11-20	7.28	7.68	7.99	8.03
	21-31	7.97	7.29	7.69	7.10
August:	1-10	7.63	8.55	7.95	8.46
	11-20	7.34	8.60	7.01	7.33
	21-31	8.08	6.26	5.92	7.15
September:	1-10	14.00	6.74	5.93	5.71
	11-20	8.83	5.45	5.80	
	21-30	8.62	8.03	7.40	
October:	1-10	10.04	6.13	8.43	
	11-20	7.67	7.10	8.08	
	21-31	7.27	7.24	7.78	
November:	1-10	7.96	7.15	8.55	
	11-20	7.59	6.68	6.97	
	21-30	7.89	8.09	8.46	
December:	1-10	7.75	7.60	6.84	
	11-20	8.77	7.22	8.31	
	21-31	10.68	7.31	9.54	

Note: Dealer sales exclude exports and foreign-model cars (unless manufactured domestically.) Data from Ward's Automotive Reports are seasonally adjusted by The Conference Board. Prior data available upon request.

Domestic—Model Car Sales


Millions of Cars
(Seasonally adjusted at annual rates)
Actual
3– Period Moving Average
Imports as Percent of Total New Car Sales
O N D J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S
1987
1988
1989